

## Exhibit C (1 of 2)

# **Summary Plan Description for The 401(k) Savings and Profit Sharing Plan of The McGraw-Hill Companies, Inc. and Its Subsidiaries**

January 1, 2008

## The 401(k) Savings and Profit Sharing Plan

The McGraw-Hill Companies, Inc. ("**McGraw-Hill**") maintains the 401(k) Savings and Profit Sharing Plan of The McGraw-Hill Companies, Inc. and Its Subsidiaries for Eligible Employees (see the section of this SPD entitled "**Eligibility and Enrollment**" on page 5). The Plan is intended to provide you with an additional source of income for your retirement years.

This document is a summary plan description ("**SPD**"). This SPD describes the terms of the Plan in effect on January 1, 2008. You may be subject to different rules if you terminated your employment before January 1, 2008. For purposes of this SPD, references to the "**Plan**" refer to the provisions of the 401(k) Savings and Profit Sharing Plan of The McGraw-Hill Companies, Inc. and Its Subsidiaries. The Plan applies to Eligible Employees of the Company and its subsidiaries that have adopted the Plan. Please note that this Plan is a continuation of the Savings Incentive Plan of The McGraw-Hill Companies, Inc. and Its Subsidiaries (the "**Prior SIP**") and the Employee Retirement Account Plan of The McGraw-Hill Companies, Inc. and Its Subsidiaries (the "**Prior Profit Sharing Plan**"), which were merged as of December 31, 2005. For purposes of this SPD, references to the "**Company**" mean The McGraw-Hill Companies, Inc. and its subsidiaries that have adopted the Plan.

The SPD highlights the main features of the Plan, but is subject to the terms of the Plan and trust documents. Where the SPD and the official Plan documents vary in the description of the Plan, the legal Plan documents are the final authority. A copy of these documents is on file in The Retirement Center of the McGraw-Hill Companies and may be inspected during regular business hours and obtained upon written request to the Vice President, Employee Benefits of the Company (the "**Plan Administrator**").

Participation in the Plan is not an offer or guarantee of employment or an employment contract. The Company reserves the right to change, amend, terminate or merge the Plan at any time and for any reason.

**Note Regarding the Inclusion of The McGraw-Hill Companies Stock Fund as an Investment Option in the Plan (See Description in the Section of this SPD Entitled "Investment Options" on page 15 Below):**

This document is part of a prospectus covering securities that have been registered under the Securities Act of 1933, as amended.

This document includes information required to be provided to employees under the Securities Act of 1933, as amended, when they contribute to an employee benefit plan under which they can invest in the securities of the Company. Certain information about the investment funds available under the Plan is contained in other documents that have been filed with the Securities and Exchange Commission and are incorporated by reference into this document. (See the section of this SPD entitled "Incorporation of Certain Documents by Reference.")

## The McGraw-Hill Companies, Inc. Employee Welfare Benefit Plan

The Plan Administrator will provide without charge to each employee who is eligible for the Plan, upon written or oral request, a copy of any and all of the information that has been incorporated by reference into this document (other than exhibits to such documents, which are not specifically incorporated by reference). Such requests should be directed to the Plan Administrator at 1221 Avenue of the Americas, New York, New York, 10020.

This document and the financial data relating to investment fund performances—available in the Fund Fact Sheets found online at [www.resources.hewitt.com/mcgraw-hill](http://www.resources.hewitt.com/mcgraw-hill) or by calling The McGraw-Hill Companies Retirement Center toll-free at 1-866-477-6820—are part of a prospectus covering securities that have been registered under the Securities Act of 1933 in connection with the 401(k) Savings and Profit Sharing Plan of The McGraw-Hill Companies, Inc. and Its Subsidiaries, as it may be amended from time to time.

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## **Eligibility and Enrollment**

### ***Who Is Eligible***

You are eligible to participate in the Plan if you are an Eligible Employee and meet the following requirements:

- For purposes of making tax-deferred contributions and after-tax contributions, and for purposes of receiving employer matching contributions, you will be eligible as soon as practicable after you have completed the enrollment process or have been automatically enrolled.
- For purposes of receiving profit sharing contributions, you will be eligible once you meet the following requirements:
  - You are at least 21 years old; and
  - You complete at least one year of Continuous Service. (See the section of this SPD entitled “**Continuous Service**” on page 8 for a description of Continuous Service.)

To be an “**Eligible Employee**,” you must be an employee of the Company (that is, the Company withholds employment and other taxes from your wages) and you must not fall into one of the groups listed under the following section of this SPD entitled “**Individuals Not Eligible**” on this page 5.

### ***Individuals Not Eligible***

You are *not* an Eligible Employee if you are:

- an employee of a subsidiary of McGraw-Hill that has not adopted or is not eligible to adopt the Plan (referred to in this SPD as an “**Affiliate**”);
- subject to a collective bargaining agreement, unless that agreement specifically permits employees subject to the agreement to participate in the Plan;
- employed outside the U.S., unless on a temporary basis;
- a nonresident alien who receives no U.S. income from the Company or an Affiliate;
- an employee who transferred to employment with the Company from employment with an Affiliate and continues to be covered by a retirement plan of such Affiliate;
- classified or considered by the Company as a “leased employee,” “independent contractor,” “consultant,” “contract worker,” “special worker,” or “freelance worker;”
- performing services for the Company under an agreement or arrangement with you or with another organization under which you are treated as an independent contractor or an employee of an entity other than the Company, in each case, regardless of whether you are treated as a common-law employee or such treatment is subsequently challenged or changed by any court or governmental authority;
- an individual who performs services for the Company under an agreement or arrangement with you or with another organization that provides your services to the Company, that states that you are not eligible for participation in the Plan;

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- hired as a “project worker;”
- for purposes of eligibility to receive a Profit Sharing Contribution only, hired as a “seasonal worker;”
- a participant in the Standard & Poor’s Savings Incentive Plan or Employee Retirement Account Plan for Represented Employees (known together after December 31, 2007 as the Standard & Poor’s 401(k) Savings and Profit Sharing Plan);
- acting only as a member of the Board of Directors; or
- acting only as freelance talent or talent hired on a fee-per-occasion basis.

### **Enrolling**

When you become eligible, you may enroll by making an election in accordance with rules provided by the Plan Administrator. If you do not make an affirmative election to participate or an election not to participate with a 0% contribution rate, you will automatically be enrolled in the Plan. If you are automatically enrolled, 3% of your Eligible Pay (as defined below in the section of this SPD entitled “**Eligible Pay**” on this page 7) will be automatically deducted from your Eligible Pay beginning approximately 60 days after you first become eligible to participate and will be contributed to the Plan as tax-deferred contributions.

If you are automatically enrolled and do not wish to continue participating in the Plan, you must change the 3% contribution rate to 0%. Alternatively, if you wish to contribute an amount other than 3% as tax-deferred contributions or wish to make after-tax contributions, you must change the contribution rate to the amount or amounts that you want.

For more information on changing your contributions, see the section of this SPD entitled “**Changing Your Contributions**” on page 12.

### **401(k) Savings and Profit Sharing**

If you are eligible for the Plan, you will automatically receive a brochure with an overview of the Plan and information on setting up your user ID and password on the 401(k) Savings and Profit Sharing website, *Your Benefits Resources*<sup>TM</sup>. Once you access the site, you can designate the percentage of pay you want to contribute and how you want your savings to be invested. Visit *Your Benefit Resources*<sup>TM</sup> at [www.resources.hewitt.com/mcgraw-hill](http://www.resources.hewitt.com/mcgraw-hill) or call 1-866-477-6820

Once enrolled in the Plan, you will receive quarterly account statements.

### **Processing Schedule for 401(k) Savings**

Enrollment and contribution rate elections are processed weekly. If you elect to change your contribution rate, it becomes effective as soon as administratively possible, generally within one to two pay periods.



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### ***Eligible Pay***

***“Eligible Pay”*** under the Plan is the compensation (as specified in the Plan) you receive from the Company during a calendar year up to the IRS annual compensation limit, which is adjusted from time to time. This limit is referred to in this SPD as the ***“IRS Annual Compensation Limit.”*** For 2008, the IRS Annual Compensation Limit is \$230,000. Eligible Pay consists of base salary, commissions, overtime pay, short-term incentive compensation paid to you in cash (and not deferred into another Company deferred compensation plan), shift differential pay, and any tax-deferred contributions you may make to pay for healthcare coverage or to the Healthcare or Dependent Care Flexible Spending Account, the Transportation Benefits Program, and the Plan. Eligible Pay does not include bonuses, Christmas gifts or any executive incentive compensation (other than short-term incentive compensation paid to you in cash), amounts paid under a Separation Pay Plan of the Company or its Affiliates or amounts paid after the month following the month in which your employment with the Company or its Affiliates terminates.

### ***Naming a Beneficiary***

You need to name a beneficiary, or beneficiaries, to receive your Plan Account (as defined in the section of the SPD entitled ***“Plan Contributions and Contribution Limits”*** beginning on page 10) if you die before the balance in your Plan Account is paid to you.

You may name anyone as your beneficiary. However, if you are married, your Spouse is automatically your beneficiary. Under the Plan and this SPD, your ***“Spouse”*** is the individual of the opposite gender to whom you are married under the laws of the state in which you reside and under the laws of the United States.

To name someone other than your Spouse as your beneficiary, you must obtain your Spouse’s written, notarized consent. If you name a non-Spouse beneficiary and are later married, your new Spouse automatically becomes your beneficiary unless you have your Spouse’s notarized consent to name someone else.

To designate a beneficiary, contact The McGraw-Hill Companies Retirement Center toll-free at 1-866-477-6820 or online at [www.resources.hewitt.com/mcgraw-hill](http://www.resources.hewitt.com/mcgraw-hill). Your designation must be on file with The McGraw-Hill Companies Retirement Center on the date of your death for the designation to be effective.

If you die without having named a beneficiary or if the beneficiary you named pre-deceases you, your vested Plan Account is automatically paid in the following order:

- to your surviving Spouse, if any;
- if no surviving Spouse, divided equally among your surviving children, if any;
- if none of the above individuals survive you, divided equally between your surviving parents, if any;
- if none of the above individuals survive you, divided equally among your surviving siblings, if any; and
- if none of the above individuals survive you, to your estate.

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**Changing Your Beneficiary**

You may change your beneficiary at any time by visiting *Your Benefit Resources*™ online at [www.resources.hewitt.com/mcgraw-hill](http://www.resources.hewitt.com/mcgraw-hill) or by calling 1-866-477-6820. To change your beneficiary, please follow the process noted above for designating a beneficiary. If you have a Spouse, remember that you need your Spouse's notarized consent to name anyone other than your Spouse as your primary beneficiary.

To ensure that, in the event of your death, the assets in your Plan Account are distributed in accordance with your wishes, it is important to keep your beneficiary form for the Plan up to date. A beneficiary designation dated prior to December 31, 2005 will not apply to your entire Plan Account (as defined in the section of this SPD entitled "**Plan Contributions and Contribution Limits**" beginning on page 10). If you designate a beneficiary (in accordance with the section of this SPD entitled "**Naming a Beneficiary**") prior to December 31, 2005 with respect to the Prior SIP, and do not make a subsequent beneficiary designation, that designation will apply to your after-tax sub-account, tax-deferred sub-account, employer matching sub-account, and rollover sub-account only. That designation will not apply to the assets in your profit sharing sub-account.

If you designate a beneficiary (in accordance with the section of this SPD entitled "**Naming a Beneficiary**") prior to December 31, 2005 with respect to the Prior Profit Sharing Plan, and do not make a subsequent beneficiary designation, that designation shall apply to your profit sharing sub-account. It will not apply to the sub-accounts for other types of contributions. For more information on your Plan Account and sub-accounts, please refer to the section of this SPD entitled "**Plan Contributions and Contribution Limits**" beginning on page 10.

Beneficiary designations made subsequent to December 30, 2005 will apply to your entire Plan Account, and cannot apply separately to your profit sharing, after-tax, tax deferred, employer matching or rollover sub-accounts.

**Continuous Service and Breaks in Service*****Continuous Service***

For the purposes of eligibility for the Plan and vesting, a year of "***Continuous Service***" is a period of 12 consecutive months—beginning on your date of employment (or the anniversary of your employment date)—in which you are credited with at least 1,000 hours of service for the Company or an Affiliate. (Special rules may apply if you joined the Company through a merger, acquisition or other organizational transaction.)

For rules regarding when time during a Disability Leave, Military Leave, Parental Leave, Family and Medical Leave, or another Leave of Absence is counted as Continuous Service, and not as a break in service, refer to the section of this SPD entitled "**If You Are on a Leave of Absence**" on page 28.

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### Counting Hours

To determine how many hours you are credited with, the Plan uses the following rules:

- If you are an employee of the Company or an Affiliate for whom the rate of pay in the books and records of the Company is an hourly rate of pay, you receive credit of one hour of service:
  - for every hour that you work for the Company or an Affiliate; and
  - for every hour when you do not work but are approved to receive pay by the Company or an Affiliate (for example, an hour of paid vacation).
- If you are an employee of the Company or an Affiliate for whom the rate of pay in the books and records of the Company is not an hourly rate of pay, you receive credit of 190 hours of service:
  - for each month during which you work at least one hour for the Company or an Affiliate; and
  - for each month when you do not work but are approved to receive pay by the Company or an Affiliate (for example, when you receive pay from the Company during your vacation).
- For purposes of vesting only, you will be credited with hours of service in accordance with the rules above in this section of the SPD entitled “**Counting Hours**” on this page 9 while you are receiving installment payments under a Separation Pay Plan sponsored by the Company.

### Breaks in Service and Reemployment

If you are credited with 500 hours of service or less in any period of 12 consecutive months beginning on the date you are hired by the Company or an Affiliate or any anniversary of your date of hire, and your employment with the Company and its Affiliates is terminated, a break in service occurs.

However, a break in service does not occur if your employment with the Company and its Affiliates is not terminated and if the reason you were credited with 500 hours of service or less is that you were on an approved leave of absence. Please refer to the section of this SPD entitled “**If You Are on a Leave of Absence**” on page 28 for more information.

If your employment with the Company and its Affiliates terminates and you are later rehired, the period between your termination and your reemployment may result in a break in service (because you may have worked 500 hours or less in the 12 consecutive months following the anniversary of your employment). Upon your rehire following a break in service, you will receive credit (for eligibility and vesting in profit sharing contributions) for your Continuous Service prior to your termination with the Company and its Affiliates.

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## **Plan Contributions and Contribution Limits**

There are six types of contributions that can be made to the Plan:

- tax-deferred contributions;
- after-tax contributions;
- catch-up contributions;
- employer matching contributions;
- profit sharing contributions; and
- rollover contributions.

Your total contributions to the Plan and the gains and losses on such contributions are credited to an account in your name, which is referred to in this SPD as your “*Plan Account*.” Each type of contribution, including the gains and losses on such contributions, is separately accounted for. In this SPD, we will refer to your tax-deferred sub-account (which includes catch-up contributions), after-tax sub-account, employer matching contribution sub-account, profit sharing sub-account and rollover sub-account to refer to the Plan’s separate accounting.

In any calendar year, the total of all contributions to your Plan Account (excluding catch-up contributions and rollover contributions), any forfeitures that may be allocated to your Plan Account, and any contributions by you or on your behalf to another plan comparable to another plan sponsored by the Company or an Affiliate that is comparable to the Plan cannot exceed the IRS limit applicable to that year. This limit is adjusted from time to time. We will refer to this limit as the “*Annual Account Limit*.” For 2008, the Annual Account Limit is \$46,000.

### ***Your Tax-Deferred and After-Tax Contributions***

You may choose to direct from 1% to 25% of your Eligible Pay into the Plan on a tax-deferred basis or after-tax basis, or both, subject to IRS limits on total contributions to be made to a plan during a year. However, your after-tax contributions for a year are limited to 4% of your Eligible Pay if you are a “highly compensated employee” as determined by the Internal Revenue Code. It is also possible that some or all of your after-tax contributions may have to be returned if you are considered a highly compensated employee. You will be notified if this limit affects you.

In addition, the amount of your tax-deferred contributions is subject to an annual limit imposed by the IRS, referred to in this SPD as the “*Annual 401(k) Savings Limit*” which is adjusted from time to time. In 2008, the Annual 401(k) Savings Limit is \$15,500.

Your contribution election must be in 1% increments. These contributions go directly from your Eligible Pay into the Plan and will be placed in either your tax-deferred sub-account or your after-tax sub-account. In addition, you may make after-tax contributions (but not tax-deferred contributions) in a lump sum at any time, subject to Plan limits.

Subject to the Annual 401(k) Savings Limit and to the 4% limit on after-tax contributions by highly compensated employees, you can divide the 25% maximum between tax-deferred and after-tax payroll contributions. For example, you could choose to contribute 10% of your Eligible Pay and split that 10% into 7% tax-deferred contributions and 3% after-tax contributions.

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If you reach the Annual 401(k) Savings Limit during the year, your tax-deferred contributions will be automatically discontinued. Ordinarily, deductions from your Eligible Pay for tax-deferred contributions will resume during the first pay period of the following calendar year under the same terms as your previous payroll instructions, unless you change your election.

The Annual 401(k) Savings Limit applies to the amount you contribute on a pre-tax basis to all similar plans during the calendar year. If you have contributed to another similar plan in the same year you begin to participate in the Plan, you should monitor your tax-deferred contributions to the Plan so you do not exceed the Annual 401(k) Savings Limit.

If you exceed the Annual 401(k) Savings Limit and notify the Plan Administrator on or before March 1 following the taxable year in which the excess contributions are made, the Plan Administrator will make reasonable efforts to return such excess deferrals, adjusted for earnings, by April 15 of such taxable year.

When you reach the Annual 401(k) Savings Limit, you may, subject to the 4% limit on after-tax contributions by highly compensated employees, elect to begin, or to continue to make after-tax contributions, until you reach the Annual Account Limit for the year. Please refer to the section of this SPD entitled "**Changing Your Contributions**" on page 12 for more information. If you do change your election to after-tax contributions, you will have to change it back to tax-deferred contributions in order to make tax-deferred contributions during the following Plan year.

If your Eligible Pay changes during the year, the dollars contributed to your Plan Account will also change, since your election to contribute is a percentage of your Eligible Pay.

### How Tax-Deferred and After-Tax Contributions Differ

With tax-deferred contributions, money is deducted from your Eligible Pay before federal and, in most cases, state and local income taxes, are calculated and deducted. In addition, any investment earnings paid on your contributions accumulate tax-free until you take your money out of the Plan. When you withdraw your tax-deferred contributions and earnings, you pay income taxes on them at that time.

When you make an after-tax contribution, money is deducted from your pay after applicable taxes have been deducted. Although you pay current taxes on the Eligible Pay you contribute to the Plan, the earnings on this money accumulate tax-free until you take the money out, at which point the earnings are taxed. When you withdraw your after-tax contributions, you do not need to pay income taxes on them because you paid income tax before you contributed them to the Plan.

There are important differences between saving tax-deferred dollars and saving after-tax dollars. Tax-deferred contributions let you save money while reducing your current income taxes. In addition, you receive an employer matching contribution on a percentage of your tax-deferred contributions to the Plan, allowing your savings to potentially grow even more. You do not receive an employer matching contribution on any of your after-tax contributions to the Plan.



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### Changing Your Contributions

You can increase, decrease, stop, and change from tax-deferred contributions to after-tax contributions or from after-tax contributions to tax-deferred contributions or resume contributions by visiting *Your Benefit Resources*™ online at [www.resources.hewitt.com/mcgraw-hill](http://www.resources.hewitt.com/mcgraw-hill) or by calling 1-866-477-6820.

Contribution changes are made on a weekly basis. When you make a change, a confirmation statement describing the change will be available online.

### **Catch-up Contributions**

For each calendar year beginning with the year you reach age 50, if you elect to contribute the maximum annual amount of tax-deferred contributions allowed by the Plan (25% of your Eligible Pay or the Annual 401(k) Saving Limit, whichever is lower), you may make additional contributions to the Plan. They are called *catch-up* contributions because they help you “catch-up” on years that your contributions may have been subject to lower limits. This is an opportunity to enhance your retirement savings and lower your taxes by making additional pre-tax contributions.

If you are eligible in 2008, you may contribute up to an additional \$5,000 to the Plan in 2008. This catch-up contribution limit may increase in future years as it is indexed by the IRS for inflation. Be sure to review your election at the end of each year. You will not receive an employer matching contribution on your catch-up contributions to the Plan.

Catch-up contributions are made on a pre-tax basis for federal and most states' income tax purposes; currently some states will not defer taxes on catch-up contributions. You may want to seek advice from your financial or tax advisor before deciding if you should elect a catch-up contribution.

If, at the end of the year, you have not contributed the maximum tax-deferred contribution available to you under the Plan (for 2008, reached 25% of your Eligible Pay or \$15,500, whichever is lower) all or a portion of the amounts you intended to contribute as your catch-up contribution will be “re-characterized” as regular tax-deferred contributions.

The remaining amount will be considered your catch-up contribution for the year.

### How to Elect Catch-up Contributions

Your catch-up contribution election is expressed as a dollar amount per pay period, rather than as a percentage of pay. To elect catch-up contributions, calculate the dollar amount (rather than the percentage) you want deducted from each paycheck to reach the amount (up to the maximum permitted for the year) that you wish to contribute as catch-up contributions for the year. To do so, divide the contribution amount by the number of pay periods remaining in the year. The amount you elect will be deducted from each of your paychecks until you change the dollar amount of your election.

If you are interested in making a catch-up contribution, you will need to make a separate contribution election by visiting *Your Benefit Resources*™ at [www.resources.hewitt.com/mcgraw-hill](http://www.resources.hewitt.com/mcgraw-hill) or by calling 1-866-477-6820.

Your election will remain in effect until you change it. You should review this election every year to ensure that you maximize your catch-up contribution election.

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### ***Employer Matching Contributions***

Once you meet the eligibility requirements, you have an added incentive to save for retirement—employer matching contributions. (Please refer to the section of this SPD entitled “**Who Is Eligible**” on page 5 for more information regarding eligibility). The Company will contribute an amount equal to 100% of the first 3% of Eligible Pay you contribute each pay period as tax-deferred contributions and 50% of the next 3% of your Eligible Pay that you contribute as tax-deferred contributions each pay period. At the end of the calendar year (or quarterly, for to participants making catch-up contributions), the Company will make an additional matching contribution, only if necessary to ensure that your matching contributions for the calendar year equal 100% of the first 3% of Eligible Pay contributed as tax-deferred contributions for the calendar year, plus 50% of the next 3% of your Eligible Pay contributed as tax-deferred contributions for the calendar year.

Please note that employer matching contributions will be applied to tax-deferred contributions, as described in this section of the SPD entitled “**Employer Matching Contributions**,” but will not apply to after-tax contributions or rollover contributions. Employer matching contributions will not apply to catch-up contributions (as described in the section of this SPD entitled “**Catch-up Contributions**” on page 12).

No employer matching contributions will be paid on the tax-deferred contributions that exceed 6% of your Eligible Pay or on Eligible Pay from which no contributions are made to the Plan.

### ***Profit Sharing Contributions***

The Company may contribute to your retirement income through discretionary profit sharing contributions. Each year at year-end (generally in the first quarter following the end of each year), profits permitting, the Company may make a profit sharing contribution to the Plan. The amount contributed is determined by the Board of Directors or other authorized person and is divided among all participants in the Plan. The portion allocated to your Plan Account depends on your Eligible Pay.

You may receive as much as:

- 2.5% of your Eligible Pay up to the Social Security Taxable Wage Base (\$102,000 for 2008), and
- 5% of your Eligible Pay above the Social Security Taxable Wage Base up to the IRS Annual Compensation Limit (\$230,000 for 2008).

The Company’s contributions—including the associated gains and losses—accumulate tax-free until they are paid to you.

## The McGraw-Hill Companies, Inc. Employee Welfare Benefit Plan

**Rollover Contributions**

Subject to the Plan Administrator's discretion, you may roll over into the Plan certain distributions (including post-tax amounts) you receive from another tax-qualified plan of a previous employer, including tax-deferred distributions and distributions from 403(b) and some 457(b) plans. You may roll over directly from the other tax-qualified plan or from a "conduit" IRA. Any rollover from a "conduit" IRA must contain only money that came from another employer's qualified plan. Generally, the rollover must be in cash, but in some cases a loan from the prior employer's plan may be permitted to be rolled over into the Plan. If you wish to roll over your loan from the prior employer's plan, please contact the Plan Administrator. The Plan will not accept a rollover from a Roth IRA.

Your rollover contribution (and any earnings) will be subject to any applicable taxes and penalties when you receive a Plan distribution. You should contact a tax consultant to discuss all tax implications before making a rollover contribution.

**Vesting**

You are immediately 100% vested in your tax-deferred sub-account, your after-tax sub-account, your rollover sub-account and your employer matching contribution account. This means that the money in these sub-accounts is yours and that you have a right to receive the full value of these sub-accounts when you qualify for a Plan distribution, unless a valid qualified domestic relations order ("**QDRO**") has granted an interest in your Plan Account to another person. Please refer to the section of this SPD entitled "**Restrictions on Payments**" on page 35 for more information regarding QDROs.

With respect to your profit sharing sub-account, you will be 100% vested in amounts attributable to profit sharing contributions for Plan years beginning prior to January 1, 2007 after you have completed five years of Continuous Service. You will not be vested in any portion of this amount if your employment with the Company and its Affiliates terminates before you complete five years of Continuous Service, unless you are rehired and your Continuous Service is restored. Refer to the section of this SPD entitled "**Continuous Service and Breaks in Service**" on page 8 for more information. With respect to amounts attributable to profit sharing contributions made for Plan years beginning on or after January 1, 2007, your profit sharing sub-account will vest in accordance with the following schedule:

<b>Years of Continuous Service</b>	<b>Vested Percentage</b>
Less than 2	0%
2 but less than 3	20%
3 but less than 4	40%
4 but less than 5	60%
5 or more	100%

If you terminate employment with the Company and its Affiliates and are rehired, your years of Continuous Service for vesting in profit sharing contributions will include credit for your prior service regardless of how long you were away from the Company.



## The McGraw-Hill Companies, Inc. Employee Welfare Benefit Plan

The unvested portion of the Plan Account that you forfeited at the time of your termination will be restored, whether or not you received a distribution of the vested portion of your Plan Account, if you meet one of the following requirements:

- you are rehired without a break in service; or
- you are rehired with a break in service, but the period of the break in service is less than five years.

You do not continue to vest during a break in service. If the unvested portion of your Plan Account that you forfeited at the time of your termination (if any) is restored, you will be 0% vested in the unvested portion of your Plan Account.

Please note that you will become 100% vested in your entire Plan Account if you attain age 65 while an employee of the Company and its Affiliates or if you die while an employee of the Company and its Affiliates.

## Investment Options

Whether you are a Plan participant or a beneficiary of a deceased Plan participant, the Plan gives you the opportunity to invest your tax-deferred contributions, after-tax contributions and catch-up contributions, the employer matching and profit sharing contributions and any rollover contributions among several investment options. You may elect to reallocate the existing balance in your Plan Account, and you may elect how to allocate future contributions. Your investment allocation will apply to your entire Plan Account.

## *Investment Decisions Are Your Responsibility*

The Plan is intended to constitute a plan described in Section 404(c) of the Employee Retirement Income Security Act of 1974, as amended and the applicable Department of Labor Regulations ("*ERISA*").

Before making your investment decisions, you may want to contact a financial planner or an investment counselor.

## *Control Over Investments*

Under the Plan, you and your beneficiaries exercise control over the assets held in your individual Plan Account by directing the investment of your Plan Account among a variety of investment options. As a result, the Plan Administrator, Pension Investment Committee and any other person who would otherwise be a fiduciary will not be considered to be a fiduciary with respect to such transactions and will not be liable for any loss, expense, or damage which directly or indirectly results from such exercise of control.

## *Investment Information*

There are currently 13 investment options available through the Plan which may change from time to time. These investment options offer a wide range of investment choices that vary in their potential growth rate and risk. You may choose to invest your contributions and employer matching and profit sharing contributions in any combination of the available investment funds (your election must be in 1% increments and must total 100%).

## The McGraw-Hill Companies, Inc. Employee Welfare Benefit Plan

The Plan's investment options are selected by the Pension Investment Committee or are set forth in the Plan.

You can find detailed information about the Plan investment options in the Fund Fact Sheets (which are incorporated by reference into this SPD) which are available at *Your Benefit Resources*<sup>™</sup> at [www.resources.hewitt.com/mcgraw-hill](http://www.resources.hewitt.com/mcgraw-hill) or by contacting the McGraw-Hill Companies Retirement Center toll-free at 1-866-477-6820. The Fund Fact Sheets comprise part of this SPD and the prospectus for the Plan.

### The Importance of Diversification

To help achieve long-term retirement security, you should give careful consideration to the benefits of a well-balanced and diversified investment portfolio. Spreading your assets among different types of investments can help you achieve a favorable rate of return while minimizing your overall risk of losing money. This is because market or other economic conditions that may cause one category, asset or particular security to perform well often causes another asset category, or another particular security, to perform poorly. If you invest more than 20% of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it is an effective strategy to manage investment risk.

Remember: Investment Decisions Are Your Responsibility.

### **Default Investment Option**

If you do not make a decision on how the contributions to your Plan Account will be invested, all of your assets will be allocated to the Retirement Asset Fund III. For example, if you are automatically enrolled in the Plan because you did not affirmatively elect to participate, your contributions will be invested in the Retirement Asset Fund III until you make an investment election. The Retirement Asset Fund III is described in a Fund Fact Sheet which is available at *Your Benefit Resources*<sup>™</sup> or by contacting The McGraw-Hill Companies Retirement Center at 1-866-477-6820.

### **Additional Rules and Information on the Investment Options**

#### Limitations on Investments

As you make your investment elections, please note that investments in the Plan:

- are not deposits or obligations of, or guaranteed by, the Company or any Affiliate or the Plan;
- are not bank deposits or guaranteed by the Federal Deposit Insurance Corporation, the Federal Reserve Bank or any other federal agency; and
- involve investment risks, including the possible loss of principal. (Investment performance is disclosed in the Fund Fact Sheets and is reported net of fees and expenses. Results are calculated on an annualized basis for one-, three- and five-year periods.)

The Company may add or delete investment options under the Plan or other investment alternatives at any time. In addition, the investment objectives, procedures and restrictions of the investment options are subject to change at any time.

## The McGraw-Hill Companies, Inc. Employee Welfare Benefit Plan

**Information About the Investment Options**

The Fund Fact Sheets, which include the following information, are sent to you when you invest in an investment option in the Plan for the first time:

- a description of the annual operating expenses of each investment option in the Plan (including any investment management fees, administrative fees and transaction costs) which reduce the rate of return to you and your beneficiaries and the aggregate amount of such expenses expressed as a percentage of average net assets of the investment option;
- name of the investment manager;
- a description of the objectives of the investment option (including information on the risk and return characteristics of each investment option, the type and diversification of the assets comprising the investment option and the names of the investment managers); and
- a description of any transaction fees and expenses which affect the balance in your Plan Account.

In addition, the following information is available upon request by visiting *Your Benefit Resources*<sup>™</sup> online at <http://www.resources.hewitt.com/mcgraw-hill> or by calling 1-866-477-6820:

- copies of any prospectuses, financial statements, reports, and any other materials relating to the investment options in the Plan, to the extent available;
- a list of the assets comprising the portfolio of each investment option, the value of each such asset and, with respect to each such asset that is a fixed rate investment contract issued by a bank, savings and loan association or insurance company, the name of the issuer of the contract, the term of the contract and the rate of return on the contract;
- information about the value of the shares or units of each investment option in the Plan available to you and your beneficiaries, including past and current investment performance, determined, net of expenses, on a reasonable and consistent basis; and
- information concerning the value of the shares or units in designated investment alternatives held in your Plan Account.

**Derivatives**

Certain of the Plan's investment options invest in derivatives, including commodities futures and options. A "derivative" product refers to an asset or security whose value is related in a contractual way to stock or commodity prices. The value of the asset at a particular time in the future establishes the payoff for the derivative product.

The Company is relying on Commodity Futures Trading Commission Rule 4.5 with respect to its operation of the Plan and, accordingly, is not subject to registration or regulation as a commodity pool operator with respect to its operation of the Plan.

The McGraw-Hill Companies, Inc. Employee Welfare Benefit Plan

### ***Additional Information on The McGraw-Hill Companies Stock Fund***

The Plan requires that The McGraw-Hill Companies Stock Fund is offered as an investment option.

The Plan has established procedures designed to ensure the confidentiality of your investment, voting, and tendering decisions concerning The McGraw-Hill Companies Stock Fund. Your confidentiality is maintained by the following procedures:

- Investment elections are received and processed by the Plan record keeper. All information relating to your investment in The McGraw-Hill Companies Stock Fund is held by the Plan record keeper in strict confidence.
- When you exercise your voting or tendering rights with respect to the portion of your Plan Account invested in The McGraw-Hill Companies Stock Fund, the Plan record keeper and the vendor selected by the Company for proxy and tender solicitation and tabulation services keep all information related to your tendering and voting in strict confidence.

The Plan Administrator is responsible for monitoring compliance with these procedures.

The Plan does not limit the number of shares of Company stock available for purchase under the Plan through The McGraw-Hill Companies Stock Fund. The Company has retained an independent agent to purchase shares of Company stock held in The McGraw-Hill Companies Stock Fund in the open market (rather than directly from the Company), at the then prevailing market price. The independent agent will purchase or sell shares, as applicable, daily, on an aggregate basis, with the goal of obtaining best available execution. The Company stock is traded on the New York Stock Exchange.

Further information, including information regarding the right to vote or tender shares of stock, is provided in the “**Plan Prospectus**” section, beginning on page 45.

## **Changing Your Investments**

### ***Existing Account Balance***

Except as explained below in this section of the SPD entitled “**Changing Your Investments**” on this page 18, keep in mind that when you make your investment choices, the choices you make apply to your entire Plan Account (and not to specific sub-accounts).

To reallocate your existing Plan Account balance, visit *Your Benefit Resources*<sup>™</sup> or call 1-866-477-6820. You can call or access your Plan Account online whenever it is most convenient for you – 24 hours a day, 7 days a week. When you make a change, a confirmation statement describing the change will be made available online.

## The McGraw-Hill Companies, Inc. Employee Welfare Benefit Plan

***How Often You Can Make Changes***

For as long as you have assets in your Plan Account, you can reallocate your Plan Account balance among the Plan's investment options up to eight times per calendar year without incurring an administrative cost. If you make more than eight changes during the year, your Plan Account is charged \$10 for each additional change that you request. The charge will be made against your Plan Account balance.

Except as explained below, you can reallocate your Plan Account balance among the Plan's investment options as often as once every seven days. After you reallocate your balance, you must wait seven calendar days before you can elect a new allocation.

***When Changes Take Effect***

Investment changes to reallocate your Plan Account take effect on the next trading day (when the New York Stock Exchange is open), provided you make the change by 4:00 p.m. New York City time on the prior day.

***Automatic Rebalancing***

Instead of manually reallocating your Plan Account balance periodically, you can have it done for you by choosing "automatic rebalancing" when you access your Plan Account online. Once you choose automatic rebalancing, the computer-generated shifting of your investments occurs among your portfolio choices every 90 days. You may stop automatic rebalancing at any time.

***Restrictions on Reallocation***

The Plan Administrator has the authority to adopt rules and procedures and to take any and all actions as the Plan Administrator deems necessary or advisable regarding any matter related to the election and use of the Plan's investment options. Accordingly, the Plan Administrator has the authority to:

- adopt rules, procedures and actions to prevent frequent trading in the investment options that appears to be for the purpose of taking advantage of short-term fluctuations in the securities market (as determined by the Plan Administrator); and
- without prior notice to any participant, to suspend or limit transfers between and among the investment options or to delay effecting transfers between and among investment options for one or more days, if the Plan Administrator determines that such action is necessary or advisable:
  - in light of unusual market conditions;
  - in response to technical or mechanical problems with the automated response system or the Plan's recordkeeper;
  - in connection with any suspension of normal trading activity on the New York Stock Exchange or the Nasdaq National Market;
  - to prevent frequent trading; or
  - to protect the interests of other participants and their beneficiaries.



## The McGraw-Hill Companies, Inc. Employee Welfare Benefit Plan

**Blackout Periods**

Certain employees are restricted from trading Company stock, including any transactions involving The McGraw-Hill Companies Stock Fund, during certain periods when Company earnings information is released. This restricted period, called the "blackout period," begins on April 1, July 1, October 1, and January 1 of each year and runs until 24 hours after the release of the Company's quarterly earnings. The Company may change the dates and length of the blackout period at any time without prior notification to any participant.

If you are subject to this blackout period, you will be notified. During this period, you can make changes to any of your investment options except The McGraw-Hill Companies Stock Fund.

**Future Contributions**

Keep in mind that when you make your investment election for future contributions, the choices you make apply to all of your future contributions (tax-deferred contributions, after-tax contributions, catch-up contributions, employer matching contributions, profit sharing contributions and rollover contributions).

You can change the investment direction of future contributions to your Plan Account by visiting *Your Benefit Resources*™ or by calling 1-866-477-6820. You can make changes whenever it is most convenient for you – 24 hours a day, 7 days a week. No fee applies. When you make a change, a confirmation statement describing the change is made available on-line.

**When Changes Take Effect**

When changing the investment directions of future contributions, you can make the changes at any time. However, unlike the changes to your existing balance (which take effect the next trading day when the New York Stock Exchange is open), changes to future contributions generally take effect one or two pay periods following the date that the change is processed by the Plan record keeper.

Remember to consider when contributions are made to your Plan Accounts in deciding when to change the investment direction of how future contributions are invested. In particular, note that if the Company elects to make profit sharing contributions for a Plan Year, such contributions are generally made in the first quarter of the following Plan Year.

**Fund Performance**

Fund performance information is available in the Fund Fact Sheets which are available at *Your Benefit Resources*™ or by calling 1-866-477-6820.

**Fees**

The fees that apply when you elect to reallocate the existing balance in your Plan Account among the Plan's investment options are described in the section of this SPD entitled "**Changing Your Investments**" on page 18.

Please see the Fund Fact Sheets in the "Fund Information" section of *Your Benefits Resources*™ at [www.resources.hewitt.com/mcgraw-hill](http://www.resources.hewitt.com/mcgraw-hill) for the fees applicable to each investment option. You may also request more information about the fees and expenses of each fund by contacting the Plan Administrator.

The McGraw-Hill Companies, Inc. Employee Welfare Benefit Plan

### ***Daily Valuations***

Your Plan Account is valued each day that the New York Stock Exchange is open (subject to special circumstances such as market or computer failure). This daily valuation will update your Plan Account to reflect earnings, gains and losses on your tax-deferred contributions, your after-tax contributions, your rollover contributions, and employer matching and profit sharing contributions, loan activity and withdrawals, or any other type of contribution you may make. You may obtain account information anytime through *Your Benefit Resources*<sup>™</sup> or by calling 1-866-477-6820.

### **Accessing Your Plan Account**

Subject to Plan rules and the restrictions in this SPD, most Plan transactions and information requests can be made 24 hours a day, 7 days a week through *Your Benefit Resources*<sup>™</sup> or by calling the Retirement Center of the Company at 1-866-477-6820 Monday through Friday from 9 a.m. to 5 p.m. New York City time. Once you have access, you may:

- access information about your Plan Account balance, including balances for each sub-account by investment option, your savings percentage, current investment option elections and amounts available for withdrawal;
- make changes, such as changing your PIN, your savings percentage and your investment elections for future contributions;
- transfer existing balances from one investment option to another;
- receive information on loans (how much you can borrow, any outstanding loan balance, loan interest rates) and model or apply for a loan; and
- request hardship withdrawal applications, beneficiary forms, and information about the Plan's investment options.

### **Loans and Withdrawals**

Although the Plan is intended to provide income for retirement, you may, under special circumstances or in the event of an emergency, need your money while you are still working.

In granting special tax advantages to programs like the Plan, the Internal Revenue Code limits how you may withdraw funds.

You may have up to six options for withdrawing all or a portion of the vested balance in your Plan Account while you are an employee of the Company or an Affiliate. If you meet the requirements described below for the type of withdrawal you are seeking, the options are:

- hardship loans;
- withdrawal from your after-tax and rollover sub-accounts;
- withdrawals after attainment of age 59½;
- withdrawals upon disability;
- hardship withdrawal; or
- reservist withdrawal.

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Keep in mind that when you make a withdrawal or take a loan, you are not earning investment returns on the money you take out of the Plan. This could substantially reduce the amount of your retirement savings when your employment with the Company and its Affiliates terminates.

The amount of your loan or withdrawal is taken from your Plan Account on a prorated basis from each of the investment funds in which your Plan Account is invested.

If you die before receiving your requested loan or withdrawal, the request will be void as of the date of your death.

### ***Hardship Loans***

The savings you build through the Plan are critical to your financial security during retirement. When you take a loan from your Plan Account, you do not earn investment returns on the money you take out of the Plan. Since this could substantially reduce the amount of your retirement savings when you leave the Company, the Plan allows participants to take loans from the Plan only in cases of financial hardship.

If you have an immediate and heavy financial need (a hardship) and you have already taken all distributions available from the Plan, except for a hardship distribution, you may be able to take a loan from the Plan. Requests for hardship loans are subject to review and approval by the Plan Administrator. If you are eligible to take a hardship loan, you must do so before you will be permitted to take a hardship withdrawal.

Hardship loans may be granted for the following immediate and heavy financial needs:

- to cover medical expenses incurred by you, your Spouse or your dependents or your primary beneficiary (expenses not paid by insurance or any other employer-provided benefit plan);
- to pay costs related to buying your primary residence (but not to pay mortgage payments);
- to make tuition payments (including room and board and related educational expenses) for the next 12 months of post-secondary education for you, your Spouse, your children or your dependents or your primary beneficiary;
- to make payments necessary to prevent eviction from or foreclosure on your primary residence;
- to pay expenses incurred due to a natural disaster;
- to pay funeral expenses for a member of your immediate family or your primary beneficiary;
- or
- to pay expenses for repair or damage to your primary residence;

Loans are also available for such other severe financial hardships as determined by the Plan Administrator.

Money for your loan is taken first from your tax-deferred sub-account and then from your employer matching contributions sub-account, on a prorated basis from each of the investment funds in which you have money. You may not borrow from your profit sharing account.

Your loan is secured by your Plan Account. If you are married to a Spouse and any portion of your loan is secured by a portion of your Plan Account attributable to amounts transferred from the J.J. Kenny Co. Inc. Pension Plan (the "**Kenny Plan**") or another money purchase plan, your Spouse must consent to use such amounts as security.



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Generally, you may take only one loan at a time and must fully repay one loan before requesting another. When you repay the loan, you pay yourself back the principal plus the interest. In addition, because you repay the loan, you do not pay current taxes as you would with a withdrawal.

### If You Have an Outstanding Loan When You Leave the Company

If you have an outstanding loan when your employment with the Company and its Affiliates terminates, your hardship loan is treated as a hardship withdrawal and taxed accordingly, as described in the section of this SPD entitled “**Hardship Withdrawals**” on page 26, unless you repay your loan by the end of the calendar quarter following the calendar quarter in which your employment terminates or unless you are permitted to roll the loan over to another employer’s plan.

### How Much You Can Borrow

Subject to the restrictions noted below in this section of the SPD entitled “**How Much You Can Borrow**” on this page 23, the maximum loan you can request is the amount necessary to meet your immediate and heavy financial need, as supported by adequate documentation. The minimum loan you may take is \$1,000. The maximum loan you can receive is limited to the least of:

- 50% of your Plan Account balance not including your profit sharing contributions sub-account;
- the sum of your tax-deferred contributions sub-account and your vested employer matching contributions sub-account; or
- \$50,000 minus the highest outstanding loan balance you may have had in the 12 months prior to requesting a loan.

Because of the limits on how much you can borrow from your Plan Account, you may take part of the money you need for the immediate and heavy financial need through a loan and part through a hardship withdrawal, provided you have taken the maximum amount which can be granted as a loan.

### Applying for a Plan Loan

You can obtain information about a loan, including an application and a repayment schedule, by visiting *Your Benefit Resources*™ or by calling 1-866-477-6820. You can request to have a loan application packet sent to your home. You must return your application, along with a signed promissory note for the full amount of the loan. The Plan Administrator requires a signed promissory note before your loan application can be processed. You will be notified within 10 days whether or not your loan is approved.

### Repaying a Loan

If you would like, you can visit *Your Benefit Resources*™ or call 1-866-477-6820 before taking a loan and use the automated system to try out different repayment options. The interest rate for all loans is the prime lending rate of The Northern Trust Company as in effect on the date of the loan plus 1%. (You can find out the interest rate from *Your Benefit Resources*™.) You choose the repayment period for your loan—one, two, three, four, or five years. If your loan is for the purchase of your primary home, you can choose a longer repayment period—up to 10 years.

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You repay the loan through regular payroll deductions or, to the extent allowed by the Plan, through a personal check. Your repayment, including interest, goes back into your Plan Account and is reinvested according to your investment choices at the time you repay the loan. In effect, you are paying interest to yourself. However, federal tax law does not permit a deduction on your personal income tax for the interest you pay to your Plan Account.

If you are on Military Leave, your loan payments may be suspended and your period of repayment may be extended by the length of the Military Leave once your Military Leave is over. In addition, if your loan was granted prior to the beginning of your Military Leave, your interest rate may be reduced to 6% if required by law. For more information regarding Military Leave, please refer to the section of this SPD entitled **"If You Are on a Military Leave of Absence"** on page 28.

If you are on an approved leave of absence other than a Military Leave, and you receive no compensation from the Company or your compensation is less than your hardship loan installment payment, then your loan payments may be suspended for up to 12 months. However, this suspension will not change the due date for repayment of your loan. Your loan payments and accrued interest will be reamortized over the remaining period.

You can repay a loan—in full—at any time after it has been outstanding for at least one month.

If you do not repay a loan according to the terms on the promissory note, all the regular taxes imposed on a hardship withdrawal, including the 10% penalty tax, will apply to your loan. Please see the section of this SPD entitled **"How Taxes Affect Your Benefit"** on page 36.

### Loan Default

Your hardship loan will be deemed to be in default if an installment payment is not made by the last day of the calendar quarter following the calendar quarter in which it is due. If you default on the loan and are not eligible for a distribution under the Plan, you will be deemed to have received a distribution of your outstanding loan balance. You will be subject to immediate income taxes and early distribution penalty taxes, if applicable. The deemed distribution will be allocated first to your tax-deferred contribution sub-account until it is exhausted and then to your employer matching contribution sub-account. Any subsequent loan would have to be made pursuant to an enforceable agreement indicating that payments will be made by payroll withholding, and the Plan must receive adequate security for the new loan in addition to your Plan Account.

If you default on a Plan loan and you are eligible for a distribution from your Plan Account in accordance with the terms of the Plan, your Plan Account will be reduced by the amount of the unpaid loan balance. This unpaid balance will be subject to income taxes and possibly a 10% early withdrawal penalty.

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### ***After-Tax and Rollover Withdrawals***

You may withdraw all or any portion of your after-tax sub-account for any reason, up to two times per calendar year without any penalty. You may withdraw money from your roll-over sub-account at any time for any reason. You can make a withdrawal from your after-tax and rollover sub-accounts by contacting The McGraw-Hill Companies Retirement Center toll-free at 1-866-477-6820 or online at [www.resources.hewitt.com/mcgraw-hill](http://www.resources.hewitt.com/mcgraw-hill). Any distribution from your after-tax sub-account will come first from pre-1987 contributions (to the extent you have any) and then from post-1986 contributions plus all earnings on these contributions. The earnings on the post-1986 after-tax contributions will be taxable. You will not pay income tax on any after-tax contributions you withdraw.

If you wish to withdraw amounts from your rollover sub-account attributable to amounts transferred from the Kenny Plan or other money purchase pension plan, you must obtain your Spouse's written, notarized consent.

### ***Age 59½ Withdrawals***

Once you have attained age 59½, you may withdraw all or any portion of the vested balance in the following sub-accounts in the following order:

1. Your after-tax sub-account attributable to pre-1987 contributions.
2. Your after-tax sub-account attributable to post-1986 contributions and all earnings on all after-tax contributions.
3. Your rollover sub-account, if any.
4. Your tax-deferred sub-account (including catch-up contributions).
5. The vested portion of your employer matching sub-account.

All age 59½ withdrawals will come from the sub-accounts listed in the above order until that sub-account is exhausted, and then from the following sub-account.

In no event will you be able to make an age 59½ withdrawal of any portion of your profit sharing sub-account. Also, no amounts transferred from a money purchase pension plan (such as the Kenny Plan) can be withdrawn, except as provided above with respect to the rollover sub-account.

### ***Disability Withdrawals***

If you become disabled and are approved for benefits under the Company's long-term disability ("LTD") plan, you will be eligible to receive an in-service withdrawal of all or any part of your vested Plan Account. You may take the withdrawal at any time while you remain disabled. The withdrawal must be at least \$1,000 or your entire vested Plan Account, if less. The withdrawal will be taken from your sub-accounts in the following order:

1. The portion of your after-tax sub-account attributable to pre-1987 contributions, if any.
2. The portion of your after-tax sub-account attributable to post-1986 contributions and all earnings on those contributions.
3. Earnings on pre-1987 after-tax contributions.

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4. Your rollover sub-account, if any.
5. Your tax-deferred (including catch-up contributions) sub-account.
6. The vested portion of your employer matching contributions sub-account.
7. The vested portion of your profit sharing sub-account.

All disability withdrawals will come from the sub-accounts listed in the above order until that sub-account is exhausted, and then from the next following sub-account.

### ***Hardship Withdrawals***

In certain circumstances, you may qualify for a withdrawal from your tax-deferred sub-account because of financial hardship. Requests for hardship withdrawals are subject to review and approval by the Plan Administrator. Hardship withdrawals may be granted for the immediate and heavy financial needs listed in the section of the SPD entitled "**Hardship Loans**" on page 22 (excluding such other severe financial hardships as determined by the Plan Administrator).

If you have an immediate and heavy financial need (a hardship) and you have already taken all allowable withdrawals from the Plan and a hardship loan from the Plan, you may withdraw all or a portion of your tax-deferred sub-account (excluding investment earnings credited after December 31, 1988). If you have vested employer matching contributions in your Plan Account that were contributed before January 1, 2001, amounts attributable to these contributions are also available for hardship withdrawals.

You are responsible for paying applicable taxes on the amounts you receive as a hardship withdrawal, including earnings on your after-tax contributions. A 10% early distribution tax may apply as explained in the section of this SPD entitled "**How Taxes Affect Your Benefit**" on page 36.

You can request a hardship withdrawal if you have a financial hardship and do not have any funds available from other sources, including a hardship loan from the Plan. The minimum you may withdraw is \$500; the maximum is the amount necessary to satisfy your financial need.

Requests for hardship withdrawals are subject to review and approval by the Plan Administrator. You may request a withdrawal at any time by visiting *Your Benefit Resources*<sup>TM</sup> or by calling 1-866-477-6820.

### **Impact on Future Contributions**

If you receive a hardship withdrawal, your contributions to the Plan (tax-deferred, catch-up, employer matching, and after-tax contributions) will be suspended for six months.

### ***Reservist Withdrawals***

If you are a member of a reserve component and are called to active duty after September 11, 2001 and before December 31, 2007 for a period in excess of 179 days or for an indefinite period, you may withdraw all or any portion of your tax-deferred sub-account (subject to a minimum of \$1,000 or, if less, your entire tax-deferred sub-account balance). Your distribution must be made during the period beginning on the date of your order to active duty and ending on the date active duty ends.

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***Receiving Your Withdrawal or Loan***

If you apply for a loan or withdrawal, your Plan Account is valued at the end of the business day on which your application is processed. Payments are processed each business day and the Trustee mails checks two business days later. You can usually expect to receive your payment no later than 10 days after your loan is approved.

**Distribution Options Upon Termination of Employment**

Upon termination of employment from the Company and its Affiliates, you are entitled to distribution of your vested Plan Account. Following your termination, you will be notified by mail regarding how to request a distribution from your Plan Account and how to obtain the Special Tax Notice Regarding Plan Payments.

***Distribution Options***

If you have a balance in The McGraw-Hill Companies Stock Fund when your employment with the Company or its Affiliates terminates, you may elect to take that balance in cash or in whole shares (with any fractional share paid in cash). Partial distributions are not allowed.

Your distribution options depend on your Plan Account balance (including rollovers) on the date of your termination of employment from the Company and its Affiliates, as shown in the chart below.

<b>Account Balance</b>	<b>Distribution Options</b>
<b>More than \$5,000</b>	<ul style="list-style-type: none"> <li>▪ Take your entire Plan Account balance in a single lump sum payment.</li> <li>▪ Take your entire Plan Account balance in a single lump sum payment as a direct rollover to an IRA, 403(b) plan, governmental 457 plan, or to the qualified plan of another employer that accepts rollovers.</li> <li>▪ Take your entire Plan Account balance paid in part to you directly and in part as a direct rollover.</li> <li>▪ For amounts attributable to the Kenny Plan or another money purchase pension plan, have such amounts paid to an insurance company to purchase a single life annuity or 50%, 75% or 100% joint and survivor annuity. You will receive more information upon your termination of employment if this is applicable to you. For more information on your rights and the restrictions under the Kenny Plan, please refer to the section of the SPD entitled "If You Formerly Participated in Another Plan" on page 32.</li> <li>▪ Defer receipt of your Plan Account.</li> </ul>
<b>More than \$1,000 but not more than \$5,000</b>	<ul style="list-style-type: none"> <li>▪ Take your entire Plan Account balance in a single lump sum payment.</li> <li>▪ Take your entire Plan Account balance in a single lump sum payment as a direct rollover to an IRA, 403(b) plan, governmental 457 plan, or to the qualified plan of another employer that accepts rollovers.</li> <li>▪ Take your entire Plan Account balance paid in part to you directly and in part as a direct rollover.</li> <li>▪ Defer receipt of your Plan Account.</li> </ul>
<b>\$1,000 or less</b>	<ul style="list-style-type: none"> <li>▪ You must request a distribution on-line or by contacting the McGraw-Hill Companies Retirement Center toll-free at 1-866-477-6820 within 90 calendar days following your termination of employment. If no request is made, your Plan Account will automatically be distributed to you by check.</li> </ul>



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### **How to Elect a Distribution**

An election package will automatically be sent to you when you terminate employment with the Company and its Affiliates.

The amount of your distribution is based on the valuation of your Plan Account on the day the transaction is processed. Your distribution will be payable to you (or to a new trustee based on your instructions) and mailed to your home as soon as administratively feasible after you have requested a distribution either on-line or by contacting the McGraw-Hill Companies Retirement Center toll-free at 1-866-477-6820.

### ***Deferring Distribution***

If your Plan Account balance is more than \$1,000 and you affirmatively elect to defer distribution of your Plan Account, no action is needed on your part. Your Plan Account will remain invested in the investment options of your choice. You may continue to reallocate your Plan Account among the investment options in the Plan.

You must, however, receive a lump sum distribution of your entire Plan Account by the April 1 following the year you reach age 70½ (or if later, following the year in which your employment with the Company and its Affiliates terminates). You will be notified by mail of the date of your required minimum distribution. Please note that if you are not an employee and you do not request a distribution, your Plan Account will be paid to you automatically in a lump sum no later than March 30 following the year in which you attain age 70½. You will incur significant tax penalties if you do not receive your distribution on the required date. Therefore, if you do not receive your notice or your distribution by the dates described in this section, contact the Plan Administrator to ensure your contact information is up-to-date.

You will find a Special Tax Notice Regarding Plan Payments in the distribution materials available when you request a distribution. You are responsible for understanding and planning for the tax implications of any distribution. It is recommended that you read the Tax Notice and/or contact your financial/tax advisor before submitting your distribution election.

### **In the Event of Your Death**

If you die before receiving payment of your entire Plan Account, your Plan Account will be paid to your Spouse or designated beneficiary in a lump sum payment as soon as practicable (usually within 90 days) after your death. If you formerly participated in the Kenny Plan, please refer to the section of this SPD entitled “**If You Formerly Participated in Another Plan – Participants Formerly Employed by J.J. Kenny Co., Inc.**” on page 32.

Refer to the section of this SPD entitled “**Naming a Beneficiary**” on page 7 for information about designating a beneficiary.

### **If You Are on a Leave of Absence**

This section explains how your Plan participation is affected by certain leaves of absence.

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***If You Are on a Disability Leave***

If you are temporarily disabled, your tax-deferred, catch-up, and after-tax contributions and the Company's matching contributions continue while you are receiving benefits from the Company's short-term disability ("**STD**") plan. While you are temporarily disabled, you will receive Continuous Service credit as described in the section of this SPD entitled "**Counting Hours**" on page 9. The amount of your benefit from the STD Plan replaces the base salary component of the Eligible Pay on which the Company's contribution to your profit sharing sub-account is based.

If you are receiving benefits from the Company's LTD plan, you are considered to be on a Disability Leave. While on a Disability Leave, you will receive Continuous Service credit as described in the section of this SPD entitled "**Counting Hours**" on page 9 for purposes of vesting until the earliest of the date:

- you are no longer disabled under the Company's LTD plan;
- you die or otherwise terminate your employment with the Company and its Affiliates; and
- you receive or commence to receive a distribution of your Plan Account.

If you are on a Disability Leave, you will not be permitted to make tax-deferred, catch-up, or after-tax contributions and will not receive employer matching contributions. However, you will continue to be eligible for profit sharing contributions to your profit sharing sub-account as long as you continue to receive LTD benefits from the Company. These profit sharing contributions are based on the same pay used to calculate your LTD benefit. You will be eligible for these contributions for as long as you receive payments from the LTD Plan, until your employment with the Company or its Affiliates terminates or until you receive your entire Plan Account in a disability withdrawal, as described in the section of the SPD entitled "**Disability Withdrawals**" on page 25.

In addition, you may request a withdrawal of your Plan Account (minimum of \$1,000) while you are disabled and receiving benefits from the Company's LTD plan. Please refer to the section of this SPD entitled "**Disability Withdrawals**" on page 25 for additional information.

***If You Are on a Military Leave of Absence*****How Your Plan Participation Is Affected**

You will continue to receive Continuous Service for vesting purposes while on Military Leave. If you return to work with the Company following the end of your Military Leave and within the allowable time permitted by the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended ("**USERRA**"), you will be eligible:

- to receive profit sharing contributions based on the Eligible Pay you would have received if not for military service (or if that Eligible Pay cannot be determined, based on your average Eligible Pay during the 12-month period preceding the Military Leave, or if shorter, the period you worked for the Company prior to the Military Leave);

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- to elect to make up the tax-deferred, after-tax contributions and catch-up contributions (if you would have been eligible to make catch-up contributions during your Military Leave) subject to the Annual IRS Compensation Limit, Annual Account Limit, Annual 401(k) Savings Limit and limit on catch-up contributions in effect for the year for which such contributions are being made; and
- if you contribute make-up tax-deferred contributions, to receive the employer matching contributions that you would have received in the year for which the tax-deferred contribution is made.

If you wish to contribute make-up tax deferred contributions, after-tax contributions and catch-up contributions, you must do so during a period that begins on the date that you return to work with the Company following your Military Leave and ends on the earlier of three times the period of your uniformed service, not to exceed five years.

Under the Plan, a “**Military Leave**” is an absence from employment with the Company due to the performance of duty, on a voluntary or involuntary basis, in a uniformed service of the United States, under competent authority and includes active duty, active duty for training, initial active duty for training, inactive duty training, full-time National Guard duty, and a period for which you are absent from a position of employment for the purpose of an examination to determine your fitness to perform any such duty. Under the Plan, you will not be treated as absent due to Military Leave unless:

- you have given advance notice of your military service to the Plan Administrator;
- the cumulative length of your absence and absence for prior Military Leaves from the Company does not exceed five years or such other period of time permitted by USERRA; and
- you report to, or submit an application for reemployment to, the Company by the deadline imposed by the Company in accordance with USERRA.

### Loans While on Military Leave

If you have a Plan loan outstanding when your Military Leave commences, you are not required to make a loan payment during the Military Leave until the earlier of:

- the date of your reemployment with the Company or an Affiliate; or
- the end of your Military Leave.

If you elect not to make loan payments during the Military Leave and are reemployed by the Company or an affiliate by the deadline imposed by the Company, the original period for repaying the loan will be extended by the period of your Military Leave. The amount of interest you will owe on your outstanding loan balance will continue to grow during the period in which no payments are being made. At the time that repayments must begin, you will be given information about your repayment options.

You may continue to make loan payments while on Military Leave via check or money order.

For more information, refer to the section of this SPD entitled “**Loans and Withdrawals**” on page 21.